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Report Highlights:

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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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SUGAR MILLS EXPROPRIATION RULED UNCONSTITUTIONAL

The Mexican Supreme Court of Justice declared that the expropriation of the nation's sugar mills by the government in 2001 was unconstitutional, and ordered the Secretariat of Agriculture (SAGARPA) to return the 10 expropriated mills to their original owners. The ruling by the Supreme Court comes after an appeal was lodged by Grupo Machado, which owned and operated four sugar mills prior to the expropriation. The court's decision was based on the fact that the government did not consult the owners before expropriating the mills, thereby violating their civil rights. The court also stated the government never proved within an established period of time that there was a public necessity to take control of the mills. A spokesman for SAGARPA stated that the government will comply with the determination of the Court but is, "still convinced that the expropriation that took place was essential and has been useful in advancing the development of the sugar sector." (Source: El Universal, Reforma, El Financiero, 01/17/06)

MEXICO PROVES STEADY BUYER OF U.S. AGRICULTURAL PRODUCTS

According to the U.S. Department of Agriculture (USDA), the export growth of raw material, value added products, and ready-to-eat items, to Mexico will continue because of the stability of the Mexican economy and the NAFTA. "Under the NAFTA, Mexico has ended up being one of the biggest markets and with the fastest rate of growth for U.S. agricultural products," stated a USDA spokesman. As a result of phasing out most import tariffs, U.S. agricultural exports to Mexico, as well as exports of fish and forest products, have more than doubled since 1993. In 2004 the U.S. exported a record U.S. \$9 billion worth of food and agricultural products to Mexico. (Source: El Financiero; 01/18/2006)

65% OF MEXICO'S AGRICULTURAL LAND OF LOW QUALITY

A recent study by the Agriculture Commission of Mexico's Lower House showed that over 315 million acres, 65% of the total agricultural land in Mexico, has been degraded and is producing only marginal yields. One of the Commission members, Rep. Arturo Robles, attributed this degradation to the inadequate or improper use of heavy machinery, extreme weather conditions, and the misuse of fertilizers and other chemicals. (EL SOL DE MEXICO, JAN. 17)

MEXICO'S STRAWBERRY PRODUCTION INCREASES BY 400%

According to Mexico's Agri-Food and Fisheries Statistical Information Service (SIAP), strawberry production increased by 400% during the 2005/06-production cycle. Mexican strawberries have been exported to the U.S. market for the last four decades, where the demand for both fresh and frozen berries has grown steadily. Last year, exports to the U.S. totaled 47,000 MT, with a value of U.S. \$102 million. Mexico also ships strawberries to Germany, Canada, Italy, and the United Kingdom. Main strawberry production states are Michoacan, Baja California, and Guanajuato. (SAGARPA BULLETIN, JAN. 18)

SECRETARIES OF AGRICULTURE AND ECONOMY DISCUSS TRADE WITH U.S. COUNTERPARTS

Mexico's Secretary of Agriculture, Francisco Mayorga, and the Secretary for the Economy, Sergio Garcia de Alba, traveled to Washington this week for a series of meetings with their American counterparts. The objective of these meetings was to discuss NAFTA, and to propose specific individual agreements for sensitive products such as corn, beans, sugar, and milk. This was done in an attempt to "balance" trade in the agricultural sector. Secretary Mayorga commented that agricultural trade has increased significantly with NAFTA, and grapes, avocados, peppers, tomatoes, onions, and asparagus, are particularly exemplary for their success in the U.S. and Canadian markets. During the visit Mayorga also met with Inter-American Development Bank executives and U.S. agricultural grower and shipper associations. (EXCELSIOR, JAN. 16)

GUATEMALA STRUGGLING TO CONTROL ILLEGAL TRADE OF MEXICAN EGGS

Guatemala is struggling to halt the illegal trade of Mexican table eggs after a recent detection of low pathogenic avian influenza (LPAI) in four Mexican counties near the border. The worm-infested eggs, whose freshness has already expired, can easily transmit AI, tuberculosis, salmonella, and *E. coli*, stated Guatemala authorities. Mexico and Latin American countries are considered free of high pathogenic avian influenza (HPAI). However, the Pan-American Health Organization has declared that the LPAI strain of the AI virus, present in Mexico, could mutate to another easily propagated variety. Mexican authorities guarantee that domestic poultry products are safe for human consumption when consumed before the indicated freshness due-date. (Source: El Universal; 01/17/2006)

MEXICO, U.S. TOAST TEQUILA TRADE DEAL

The U.S. and Mexico signed a tequila trade agreement this past Tuesday, resolving a row sparked by Mexico's threat to cut off bulk exports of the golden-colored alcohol to the booming U.S. market. The agreement creates a registry of approved tequila bottlers and bans restrictions of bulk tequila exports to the United States. (Source: Reuters; 1/19/05)

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MX6006	Cotton Outlook, 2006	1/13/06
MX6005	Pork Leg Antidumping resolution	1/13/06
MX6004	Weekly Highlights and Hot Bites #1	1/6/06
MX6003	TRQ Milk Powder USA	1/9/06
MX6002	TRQ Milk Powder WTO	1/9/06
MX6001	TRQ Dairy Preparations	1/9/06
MX5111	Weekly Highlights and Hot Bites, Issue #45	12/23/05

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